

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-606-W/S - ORDER NO. 2001-880

AUGUST 22, 2001

IN RE: Application of River Pines Water System,)	ORDER
Inc. for Approval to Sell its Stock to)	APPROVING
Piedmont Water Co., Inc.)	TRANSFER

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of River Pines Water System, Inc. (River Pines or the Utility) for approval to sell its stock to Piedmont Water Company, Inc. (Piedmont). The Commission's Executive Director ordered River Pines to publish a Notice of Filing one time in a newspaper of general circulation in the River Pines service area, and to notify its customers by letter of the proposed sale of stock. River Pines furnished affidavits to show that it had followed the directions of the Commission's Executive Director. No Protests were filed, however, Petitions to Intervene were received from the Consumer Advocate for the State of South Carolina (the Consumer Advocate) and the South Carolina Department of Health and Environmental Control (DHEC).

Accordingly, a hearing was held on the matter on May 31, 2001 in the offices of the Commission, with the Honorable H. Clay Carruth, Vice-Chairman, presiding. River Pines was represented by John J. Pringle, Jr., Esquire. River Pines presented the testimony of James D. Hix and D. Reece Williams, IV. (Williams was represented individually by counsel, Louis H. Lang, Esquire.) The Consumer Advocate was

represented by Charles M. Knight, Esquire. The Consumer Advocate presented no witnesses. DHEC was represented by Mason A. Summers, Esquire. DHEC presented the testimony of Lewis Nelson Roberts, Jr. The Commission Staff (the Staff) was represented by F. David Butler, General Counsel. The Staff presented the testimony of William O. Richardson.

James D. Hix testified for River Pines. Hix stated that River Pines is currently authorized to serve the River Pines Subdivision and the Wood Forest Subdivision, which are located just outside the city limits of Rock Hill, South Carolina, in York County. River Pines provides water to the River Pines subdivision through two wells with 15, 000 gallons of storage. The sewage treatment in River Pines subdivision is handled by septic tanks. The Wood Forest subdivision's water is purchased from the City of Rock Hill. The sewage created by River Pines' Wood Forest subdivision wastewater customers flows into an aeration tank with secondary clarifiers and a sludge holding tank. River Pines subdivision has 70 water customers. The Wood Forest subdivision has 133 water customers and 104 sewer customers. All customers of the utility are residential.

Hix noted that he has retired from the development and construction business after almost 30 years of service, and that he no longer desires, or has the ability (due to health reasons) to continue the operation and maintenance of these systems. Hix states a belief that Piedmont is fit and able to operate a water and wastewater utility, and its desire to purchase all the issued and outstanding stock of River Pines as well as its active participation in this Docket demonstrate its willingness to provide water and wastewater services to the customers of the utility. Hix stated that the transfer would be largely

transparent to the utility's customers, since Piedmont would operate the systems with the same personnel, contractors, and suppliers currently used by River Pines. Further, Hix stated that the transfer was in the public interest, since he is no longer able to perform his responsibilities to the utility, and he has found a willing and capable purchaser to assume these obligations and duties. Hix lastly asked for cancellation of his personal performance bond as soon as possible.

The utility also presented the testimony of Reece Williams, the President of Piedmont. Williams indicated that he did not anticipate any immediate changes in the operation of the utility, if the Commission approved the transfer. Williams testified that the economies of scale available with a combination of the two companies will benefit all of Piedmont's customers, and that there will be more resources available to serve those customers, if the companies are combined.

Lewis Nelson Roberts, Jr. testified for DHEC. DHEC questions the transfer because of certain compliance problems seen with various systems now owned by Piedmont, and that many problems remain with these systems. DHEC's position is that Piedmont should not be able to obtain any additional water systems until it demonstrates that it possesses adequate capital and the managerial commitment to maintain and operate both its existing systems as well as those which it is attempting to acquire.

William O. Richardson testified for the Commission Staff. Richardson presented an overview of the history of the River Pines and Piedmont companies. Richardson testified that, based upon a review of the operating history and current operating status of River Pines and Piedmont Water Company, Staff found no evidence to indicate that there

would be a negative impact to the customers of River Pines or Piedmont resulting from the proposal before the Commission.

The proposed transfer is governed by Commission Regulations 103-504 and 103-704. Both regulations require this Commission to issue a Certificate that the proposed transfer, including a sale of stock, is in the public interest, before that transfer may be approved. We have examined the entire record in the present case and, for the reasons explained hereinafter, we issue the required certificate herein, and approve the transfer.

It appears to us that the transfer is in the public interest. The present owner is in ill health and unable to see to the day to day requirements of the utility. River Pines has a purchaser in Piedmont which is certainly experienced in the day to day operations of a water-wastewater utility. We understand DHEC's concerns as expressed by its witness. DHEC's main difficulties appear to be various unresolved compliance issues between DHEC and some of Piedmont's other systems. However, in our Order 2001-761, a request for consolidation of other companies into Piedmont, we adopted DHEC's compliance schedule, with the exception of its assessment of fines to Piedmont. Accordingly, we believe we have addressed DHEC's concerns with Piedmont. We will also continue to monitor Piedmont's compliance with DHEC directives.

We would also note that the Commission Staff found no evidence to indicate that there would be a negative impact to the customers of River Pines or Piedmont resulting from the proposal before the Commission.

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Accordingly, we approve the transfer. Once the transfer to Piedmont is complete, Mr. Hix shall so notify the Commission, and the personal performance bond on file from Mr. Hix shall be rescinded and cancelled.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)